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Letter dated 12 December 2002 from the President of the Governing Council of the United Nations Compensation Commission addressed to the President of the Security Council

The Governing Council of the United Nations Compensation Commission has concluded its forty-sixth session, which was held at Geneva from 10 to 12 December 2002.

Representatives of Kuwait and Iraq addressed the Council during the opening plenary meeting of the session. The statements of the delegations are being sent by mail with the original of this letter.

During the session the Council considered five reports and recommendations made by the Panels of Commissioners in the D, E1, E3 and E/F categories of claims. The report on category D claims concerns the review of individual claims for damages above US $100,000; the report on category E1 claims concerns the review of oil-sector claims; the report on category E3 claims concerns the review of non-Kuwaiti construction and engineering claims; and the report on category E/F claims concerns the review of insurance claims, the majority of which relate to losses incurred by credit export agencies submitted under categories E and F. The tables provide details of the amounts of compensation claimed in the reports and the amounts awarded by the Governing Council. The total amount awarded in all of the reports approved at this session is approximately $182 million.

The Governing Council considered the report of the Executive Secretary: summary of activities, covering the period from 1 August to 31 October 2002. The report covers the processing of claims, the withdrawal of claims, and the payment of approved claims and includes the 2002 update on the work programme of the Compensation Commission.

The Council discussed several issues relating to the processing and payment of claims, including the twentieth report of the Executive Secretary pursuant to article 41 of the Provisional Rules for Claims Procedure, and approved corrections to certain category A and C claims.

The Council continued its consideration of the request of the Government of the Syrian Arab Republic that an issue relating to a category E corporate claim filed by the Government of Israel be brought to the attention of the Governing Council. The Council referred the matter to a future informal meeting for further consideration by the Working Group, and for further consideration at the next

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session of the Governing Council to be held in March 2003, to be treated as a matter of priority.

The Council continued its consideration of the requests made by the delegation of the Islamic Republic of Iran and the Philippines at the opening plenary meeting of the forty-fifth session concerning the late filing of claims. The Council referred the requests to a subcommittee of the Working Group for further consideration, and for the receipt of further information from each Government concerning the claims at issue.

The Council considered and took note of the report of the Executive Secretary on the distribution of payments and transparency, and the return of undistributed funds and requested the secretariat to continue to inform the Council of the reports of Governments and international organizations on the distribution of payments and the return of undistributed funds.

The Council continued its consideration of the recommendation of the Board of Auditors that the Compensation Commission establish and implement an archiving policy, in the light of information notes prepared by the secretariat. In compliance with the recommendation of the Board of Auditors, the Council noted that an archiving policy taking into account the needs of the Compensation Commission was required and recommended that such a policy be adopted. The Council noted that the details of the policy remained under review by the Working Group and requested the secretariat to provide further information on the subject for the further consideration of the Working Group.

The Council continued its consideration of the recommendations of the Board of Auditors concerning conflicts of interest of staff and payments to commissioners. The Council was informed of the secretariat's action on the recommendations and requested the secretariat to provide further information concerning the matters at a future session.

The Council continued its consideration of the recommendation of the Board of Auditors that the Commission establish a policy of requesting Governments and other paying agents to provide audit certificates for payment reports submitted to the Commission, in the light of a further information note prepared by the secretariat on the issue. The Council has discussed this issue extensively and recommends that the provisions of paragraph 6 of decision 18, which state that detailed reports should be produced by each Government after completing distribution of all payments received from the Commission, should be revised so that at the conclusion of the distribution of each payment received from the Commission, detailed reports should henceforth be submitted to the Commission within the time limit contained in paragraph 4 of decision 18. All Governments that have not yet provided detailed reports on the distribution of previous payments are required to submit to the Commission such detailed reports by the end of 2003 in the format provided by the secretariat. The reports should include details concerning each claimant paid, the exact amount received by each claimant and the date of each payment, as well as a report on amounts not distributed, pursuant to paragraph 6 of decision 18.

The Council agreed in principle to adopt in the near future a policy requiring audit certificates that comply with national accounting standards in order to enhance the transparency of the distribution of future payments. The Council agreed to continue to work on the modalities of such a policy.

The Council continued its consideration of the recommendation made by the Office of Internal Oversight Services (OIOS) concerning the establishment of an additional OIOS audit post in the Commission at the P-4 level, and recommended that the issue remain on the agenda and requested the secretariat to provide an update at the forty-seventh session.

The Council considered a number of other recommendations made by the Board of Auditors, including for the conduct of joint OIOS/Commission payment inspection missions and the establishment of an audit committee. The Council also considered recommendations made by OIOS, including its audit observations on the report and recommendations concerning the first instalment of category F2 claims. It also considered the legal opinion of the United Nations Legal Counsel dated 27 November 2002. The Council recommended that these issues remain on the agenda and also be referred to a future informal meeting for further consideration by the Working Group. The Council furthermore encouraged the secretariat to continue its consultation with OIOS concerning a new memorandum of understanding between OIOS and the Commission and other relevant issues as necessary.

The Council considered the interpretation of paragraph 8 of its decision 173 concerning the return of overpayments by the Government of Kuwait with respect to overlap claims. The Council decided that, in certain cases, the Government of Kuwait need not return funds to the Commission if the secretariat receives specific and tangible proof of payment or other settlement of the amounts of overpayment between the claimants, in accordance with the determinations made by the Bilateral Committees.

The Council heard and adopted a report on the meeting of the Committee on Administrative Matters, held on 27 November and 10 and 12 December 2002, to consider the final expenditure report for the biennium 2000-2001 and the budget status report for the biennium 2002-2003 and the request for revisions to the approved budget in the amount of $3,789,500. The Committee authorized the secretariat to incur in 2003 all additional expenses as proposed in the report of the Committee. However, no increase in the overall budget or additional allotment of funds was currently to be made in this respect. The Committee requested the secretariat to finance the additional costs, to the extent possible, through reassignment of savings within the existing budget for the biennium. Further details about the meeting are contained in the report of the Committee on Administrative Matters to the Governing Council (S/AC.26/2002/R.53), which will be sent with the original of this letter.

Finally, the Governing Council decided to hold a special session in January 2003 to elect a new President and Vice-President of the Council, and to hold its forty-seventh session from 11 to 13 March 2003.

To date, the Commission has awarded compensation in the amount of approximately $43.7 billion, including the awards approved at the forty-sixth session; over $16 billion of the amounts awarded have been made available to Governments and international organizations for distribution to successful claimants in all categories of claims. The payments for successful claims approved by the Council at the forty-sixth session will be made in the next round of payments, in accordance with Governing Council decision 100, scheduled for 16 January 2003.

As the current session marks the end of the two-year presidency of Norway of the Governing Council of the Compensation Commission, I will be at the disposal of the Security Council to provide an oral briefing on the work of the Commission over the years 2001 and 2002, at a date convenient for the Council, presumably in January 2003.

(*Signed*) Sverre Bergh **Johansen**
President of the Governing Council

Annex I

Summary of awards of compensation

A. Report and recommendations made by the D1 Panel of Commissioners concerning part one of the fifteenth instalment of individual claims for damages above $100,000 (category D claims) (S/AC.26/2002/30)

Country or international organization	*Number of claims recommended for payment*	*Number of claims not recommended for payment*	*Amount of compensation claimed (US$)*	*Amount of compensation recommended (US$)*
Austria	-	1	370 976.54	nil
Canada	-	2	1 205 394.12	nil
Germany	-	1	96 030.73	nil
India	34	13	19 904 296.29	2 310 021.13
Israel	-	1	407 000.00	nil
Italy	1	-	319 377.16	83 063.32
Jordan	66	4	58 638 930.52	14 792 918.65
Kuwait	243	3	139 585 250.93	99 970 162.15
Lebanon	3	-	1 194 040.31	476 474.94
Pakistan	2	-	345 391.62	159 432.11
Sudan	6	1	1 795 004.73	198 617.96
Switzerland	1	-	664 436.44	398 262.66
Syrian Arab Republic	1	-	287 000.00	134 336.10
Turkey	1	-	420 010.38	46 027.26
United Kingdom	12	2	5 550 918.21	1 074 533.88
United States	3	1	2 662 825.00	127 635.40
Yemen	66	26	35 952 795.60	8 459 101.08
UNRWA Gaza	6	-	4 105 301.50	891 048.12
Total	**445**	**55**	**273 504 980.08**	**129 121 634.76**

B. Report and recommendations made by the Panel of Commissioners concerning the eighth instalment of E1 claims (S/AC.26/2002/31)

Country	*Number of claims recommended for payment*	*Number of claims not recommended for payment*	*Amount of compensation claimed (US$)*	*Amount of compensation recommended (US$)*
France	2	-	919 596	744 158
Italy	1	-	206 940 135	7 832 730
Netherlands	1	-	1 922 928	107 892
Saudi Arabia	5	1	39 338 588	4 486 605
United Kingdom	2	-	43 718 728	23 206 685
Total	**11**	**1**	**292 839 975**	**36 378 070**

C. Report and recommendations made by the Panel of Commissioners concerning the twenty-second instalment of E3 claims (S/AC.26/2002/32)

Country	*Number of claims recommended for payment*	*Number of claims not recommended for payment*	*Amount of compensation claimed (US$)*	*Amount of compensation recommended (US$)*
Bosnia and Herzegovina	1	1	211 556 870	49 684
France	-	1	119 370	nil
Italy	1	1	4 916 754	507 682
Netherlands	1	1	2 598 990	376 748
Poland	1	-	20 649 115	4 083 095
Turkey	-	1	440 620	nil
United Kingdom	-	2	23 648 418	nil
United States	1	-	339 814	301 333
Yugoslavia	1	-	13 104 704	8 373 922
Total	**6**	**7**	**277 374 655**	**13 692 464**

D. Report and recommendations made by the Panel of Commissioners concerning the twenty-seventh instalment of E3 claims (S/AC.26/2002/33)

Country	*Number of claims recommended for payment*	*Number of claims not recommended for payment*	*Amount of compensation claimed (US$)*	*Amount of compensation recommended (US$)*
Austria	-	2	9 939 485	nil
Czech Republic	-	1	1 448 812	nil
Egypt	-	1	726 816	nil
France	-	2	3 192 679	nil
India	-	1	3 824 437	nil
Italy	1	-	180 297	38 390
Slovenia	1	-	9 482 682	760 378
Switzerland	-	1	89 178	nil
United Kingdom	1	2	1 332 380	52 581
Total	**3**	**10**	**30 216 766**	**851 349**

E. Report and recommendations made by the Panel of Commissioners concerning the fourth instalment of E/F claims (S/AC.26/2002/34)

Country	*Number of claims recommended for payment*	*Number of claims not recommended for payment*	*Amount of compensation claimed (US$)*	*Amount of compensation recommended (US$)*
France	1	-	1 786 759	1 350 013
Ireland	-	1	19 666 031	nil
Italy	-	8	193 537 563	nil
Kuwait	1	-	293 586	157 525
Switzerland	-	3	165 178 832	nil
United Kingdom	-	1	2 253 676	nil
Total	**2**	**13**	**382 716 447**	**1 507 538**

Annex II

Documents of the forty-sixth session not intended for general distribution

1. Statements of representatives of non-members of the Governing Council: Kuwait and Iraq.

2. Summary of awards of compensation.

3. Summary of activities: report of the Executive Secretary (1 August-31 October 2002) (S/AC.26/2002/R.34).

4. Report of the Executive Secretary on the distribution of payments and transparency, and the return of undistributed funds (S/AC.26/2002/R.35).

5. Report of the Committee on Administrative Matters to the Governing Council (S/AC.26/2002/R.53).